



Additional Joint Testimony of Division of Ratepayer Advocates (DRA), Southern California Edison (SCE), San Diego Gas and Electric (SDG&E), Southern California Gas (SoCalGas), Bear Valley Electric Service (BVES), PacifiCorp d.b.a. Pacific Power (PacifiCorp), California Pacific Electric Company, LLC (CalPeco), and The Utility Reform Network (TURN)

**in
Rulemaking 11-02-018**

Order Instituting Rulemaking into Transfer of Master-Meter/Submeter Systems at Mobilehome Parks and Manufactured Housing Communities to Electric and Gas Corporations.

**Served by The Utility Reform Network
On behalf of the Joint Parties
August 19, 2013**

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1 **1. Introduction**

2 Pursuant to the Assigned Commissioner’s Second Amended Ruling and Scoping Memo
3 (Scoping Memo) issued on July 17, 2013 in Rulemaking (R.) 11-02-018, Southern California
4 Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), Southern California
5 Gas Company (SoCalGas), Bear Valley Electric Service (BVES), PacifiCorp d/b/a Pacific Power
6 (PacifiCorp), Liberty Utilities (CalPeco Electric) LLC, The Utility Reform Network (TURN),
7 and the Division of Ratepayer Advocates (DRA) (collectively, the Joint Parties) submit this joint
8 testimony.^{1,2}

9 On October 5, 2012, the Joint Parties submitted testimony in R.11-02-018 to propose a
10 program to convert up to 10% of master-metered/submetered mobilehome parks (MHPs) in a
11 five-year period to direct utility service by offering MHP owners a credit-per-space, up-to-the-
12 meter, (\$4000 for single utility service and \$8000 for dual utility service) to incentivize MHP
13 conversions.^{3,4} Pacific Gas and Electric Company (PG&E) submitted testimony proposing a ten-
14 year program to convert all master-metered MHPs who volunteer, to direct utility service,
15 including beyond-the-meter facilities, at 100% ratepayer expense.⁵

16 The Scoping Memo asked parties to develop, jointly, if possible, additional prepared
17 testimony that describes an implementable MHP master-meter conversion pilot program based
18 on the components outlined below.⁶

- 19 • A three-year initial term, so that implementation can commence as soon as
20 practicable and the Commission can assess promptly whether to extend the
21 conversion program.

¹ By Advice Letter 28-E submitted on July 15, 2013, California Pacific Electric Company, LLC notified the Commission of its formal change in name as of that date to Liberty Utilities (CalPeco Electric) LLC.

² See Appendix C for Witness Qualifications.

³ Exhibit 2 in R.11-02-018.

⁴ The proposed credit-per-space for Small and Multi-jurisdictional utilities (SMJUs) was \$2000.

⁵ Exhibit 1 in R.11-02-018.

⁶ Scoping Memo, pp. 4-5.

- For existing master-metered natural gas systems, preliminary eligibility based on the risk assessment and prioritization factors developed by the Commission's Safety and Enforcement Division (SED), as presented at the March 4, 2013 workshop.
- For electric only systems, eligibility and prioritization will need to be assessed based on information provided in the applications, because no agency routinely receives or maintains operation and maintenance information for such systems.⁷
- Comparison of costs of ratebase financing of transfers on a "to the meter" and "beyond the meter" basis and calculation of the ratepayer rate impact for both.
- A pledge, as part of the transfer application, by the MHP owner that from date of application for transfer the owner will separately account for receipt and expenditure of all master-meter revenues and contribute to the cost of transfer any revenues in excess of reasonable and necessary operation and maintenance.

In accordance with the Scoping Memo's urging parties to "continue to work together to explore the potential for consensus or partial consensus," SCE, SDG&E, SoCalGas, BVES, Liberty Utilities, and PacifiCorp had multiple discussions with PG&E and other parties supporting PG&E's proposal but were unsuccessful in achieving even partial consensus.⁸ The Joint Parties, however, have agreed on a proposed plan that differs from their original proposal and offers a significantly higher incentive to increase prior low MHP conversion rates.⁹ This new plan should meet the Commissioner's request to develop an implementable MHP master-meter conversion pilot program based on the components outlined in the Scoping Memo.

⁷ The California Department of Housing and Community Development or local agencies have the authority to inspect electric systems at MHPs and may have some useful records.

⁸ Scoping Memo, p. 5.

⁹ DRA proposes that some cost-sharing mechanism as proposed in the original Joint Parties proposal be maintained to ensure some cost accountability and equity as described in Section 7, DRA Position on Cost Sharing.

1 The Joint Parties plan will establish a three-year pilot program to convert a limited
2 number of MHPs that voluntarily seek direct natural gas and/or electric service from a
3 Commission-jurisdictional utility in lieu of continuing to operate a master-metered/submetered
4 system. SED will prioritize the MHPs with natural gas systems. SED has developed a
5 preliminary eligibility list identifying MHPs in the greatest need of converting their existing
6 master-metered/submetered gas systems. Electric-only systems will be prioritized on a first-
7 come, first-served basis, unless there is a documented safety concern. Gas system replacement
8 will take priority over electric only system replacement.

9 The Joint Parties' proposal provides estimated costs, referred to as "up-to-the-meter
10 costs," for the complete replacement of the MHPs' private electric and/or gas distribution
11 systems up to the new mobile home or common-use building service delivery point, as
12 determined by utility service standards.¹⁰ Pursuant to the directive in the Scoping Memo, the
13 Joint Parties' proposal also provides an estimate of the costs, referred to as "beyond-the-meter-
14 costs," of replacing existing MHP sub-metering equipment with new utility service equipment at
15 the utility's service delivery point and providing connections for electric and/or gas lines from
16 the service delivery point to the existing point of connection at each mobile home or common-
17 use building. In addition to these estimates, the Joint Parties' proposal provides the costs of rate
18 base financing for the "up-to-the-meter costs" and "beyond-the-meter costs."

19 Below is a table that summarizes the potential costs associated with the Joint Parties
20 MHP conversion pilot program and other associated costs.
21

¹⁰ Service Delivery Point refers to where the utility's electric Service Facilities are connected to either Applicant's electric conductors or other service termination facility designated and approved by the utility or where the utility's gas Service Lateral is connected to the Applicant's pipe (house line), normally adjacent to the location of the meter(s).

Table 1 Three-Year Pilot Program Up-To-The-Meter						
	SCE	SoCal Gas	SDG&E	PacifiCorp	Liberty Utilities	BVES
Number of Spaces	3,000	2,600	676	99	247	75
Potential Capital Cost Per Space	\$14,034	\$7,096	\$17,217 (Note 1)	\$6,038	\$7,252	\$8,102
Total Potential Capital Cost	\$42,102,000	\$18,450,000	\$11,639,000	\$598,000	\$1,791,244	\$608,000
Note 1 – This number reflects a conversion of both gas and electric as SDG&E is a dual utility.						

The Joint Parties' testimony is organized as follows:

Section I includes a description of the MHP Conversion Pilot Program proposed by the Joint Parties, including prioritization of MHPs.

Section II provides costs associated with the MHP Conversion Pilot Program and beyond-the-meter costs provided for comparison purposes only.

Section III discusses the regulatory accounting treatment and revenue requirement of the MHP Conversion Pilot Program, including beyond-the-meter revenue requirements for comparison purposes only.

I. MHP CONVERSION PILOT PROGRAM

This section describes the proposed MHP Conversion Pilot Program, prioritization of MHPs and beyond-the-meter responsibility for the MHP owner.

1. Overview of Proposal

The Joint Parties' proposed MHP Conversion Pilot Program is designed to convert a limited number of MHPs over a three-year period in order to gather and assess pertinent information on converted MHPs and the associated costs. The program will entail converting a maximum number of MHP spaces or number of MHPs in each investor-owned utility's (IOUs or utilities) service territory during the pilot period.¹¹

¹¹ For the small and multi-jurisdictional utilities, a maximum of one MHP will be converted during the three-year pilot program.

1 The program will be voluntary and participation will be dependent upon the MHP
2 owners' willingness to convert their MHPs to direct utility service. Under the program, the IOUs
3 will install new distribution and service systems that terminate at a MHP-owned electric meter
4 pedestal or at a new gas house line owned and installed by the MHP or premises owner.

5 To address MHP safety and reliability concerns, SED will prioritize MHPs with natural
6 gas systems that opt to participate in this program. Under the proposed pilot, there will be no
7 change to current rate schedules and rules applicable to serving master-metered customers.
8 Master-metered customers will continue to be served under existing master-metered rate
9 schedules until moving to service under individually metered rate schedule upon completion of
10 the conversion.

11 The IOUs recognize that the current statutory transfer cost sharing mechanism has not
12 attracted a significant number of MHP owners to convert their service to direct utility service.¹²
13 This proposal will eliminate the distribution and service system construction and maintenance
14 costs for MHP owners and shift the cost burden to the serving gas and electric IOUs. The IOUs
15 will be responsible for the installation of the new utility-owned distribution systems; however,
16 this proposal only addresses construction and cost responsibilities for the installation of new
17 MHP gas and electric distribution systems up to the service delivery point, unless otherwise
18 provided for by the utility's existing tariffs or by other applicable laws. The MHP or premises
19 owner shall be solely responsible to plan, design, permit, install, own, maintain, and operate
20 facilities and equipment beyond the service delivery point (except for utility-owned metering
21 facilities).

22 **2. Safety and Prioritization**

23 The Joint Parties recognize that SED inspections of MHP gas systems occur in cycles of
24 three to seven years, and that the California Department of Housing and Community

¹² For example, since 1997, SCE has had approximately 80 MHP transfer inquiries with only 15 completed transfers. SoCalGas has converted five MHPs, while SDG&E has converted four MHPs to direct utility service.

1 Development (HCD) is able to perform inspections of electrical facilities. SED will provide the
2 IOUs a prioritization list of MHP gas system replacements.¹³ This agreement will require the
3 utilities to use their best efforts to follow SED's prioritization list. The Joint Parties envision a
4 list that is not necessarily strict about precise order of conversions but, rather, designates a
5 preferred time period for conversion of MHPs according to groups, *i.e.*, the most "urgent" MHPs
6 must be done by the first selected date, whereas the second-most "urgent" MHPs must be done
7 by a second date, and so on. Electric-only MHPs will be prioritized on a first-come, first-served
8 basis unless there is a documented safety issue noted by HCD or other agency with inspection
9 authority over MHP electric systems.

10 The utilities shall retain the discretion to schedule conversions of MHPs outside SED's
11 prioritization list, such as when conversions may be performed more efficiently, when
12 coordinating conversions for both electric and gas system replacements, or if a utility encounters
13 other delays or circumstances beyond the control of the utility. However, in all instances in
14 which utilities deviate from the order of conversions in the SED list, the IOUs will provide an
15 explanation of reasons for such deviation as described in Section 4.5 – Program Reporting.

16 Enforcement and monitoring of gas and electric safety at MHPs should remain under the
17 jurisdiction of SED and HCD, respectively, until the conversion is completed.¹⁴ Once the
18 conversion is completed, the oversight responsibility for the utilities' gas and electric systems
19 will be with the Commission. The facts presented in this Rulemaking have not warranted a
20 deviation from this safety oversight so as to unduly shift safety administration away from these
21 agencies.

¹³ On March 4, 2013, ALJ Vieth facilitated a workshop on electrical systems permitting and natural gas system prioritization. In the workshop, SED presented a list of MHPs ranked based on the risk assessment and prioritization factors developed by SED.

¹⁴ HCD would be the Authority Having Jurisdiction (AHJ) or in areas where HCD has delegated authority to a local agency, the AHJ could include city, county, state and federal agencies and Indian Reservations authorized to make inspections. AHJ refers to the agency responsible for issuing permits, making inspections of the customer's electrical wiring system or gas house lines and notifying the utility that such wiring and system components and gas house lines meet the criteria enforced by the agency.

1 **2.1. Prioritization for MHP Conversions should first be**
2 **assessed by SED for Gas Safety**

3 Under the Joint Parties' proposed program, by a certain date, MHPs will complete a
4 conversion request, which will be sent to SED either directly from the MHPs or via the IOUs.
5 SED will then provide the IOUs with a prioritized list of those interested MHPs based upon gas
6 safety issues by utility service territory.

7 **3. Beyond-the-Meter Responsibilities – MHP Owner**

8 The point of demarcation for utility facilities and responsibility is at the individually
9 metered customer service delivery point. In addition to furnishing an approved metering
10 pedestal for electric conversions, any work required beyond this point to extend service to the
11 customer's point of connection has always been the responsibility of the MHP owner and should
12 remain so. This is standard utility practice for all residential service extensions. Currently, this
13 part of the work is handled by the MHP or premises owner using specialized licensed contractors
14 and engineers in accordance with local building codes and laws. Additionally, the associated
15 costs of materials, installation, and replacement of pedestals from the point of demarcation to the
16 point of connection have always been and should continue to be part of the MHP or premises
17 owner responsibility.

18 While the IOUs have provided good-faith estimated costs in accordance with the Scoping
19 Memo for the beyond-the-meter costs (along with the projected rate impacts of bankrolling these
20 non-utility costs), the IOUs are not experts in this field, and the views and statements expressed
21 herein are not substitutes for independent professional advice.¹⁵ In addition, none of the
22 information provided should be construed as an expression of support or agreement for any
23 proposal intended to shift responsibility to the IOUs for facilities beyond the traditional service
24 delivery point.

¹⁵ Only SDG&E and SoCalGas provide rate impacts in Appendix B.

1 The Joint Parties specifically do not agree to subsidize any portion of the beyond-the-
2 meter costs. MHP owners should continue to be assigned the full responsibility for installation
3 and replacement of beyond-the-meter facilities (electrical meter panels and /or pedestals, gas
4 house line relocations, etc.). The IOUs will not energize any service delivery point until all
5 permitted work, if any, performed beyond the meter has been inspected and released by the AHJ.

6 **3.1. Beyond the Meter - Conversion Preparation**

7
8 Conditions at each of the mobile home sites vary, and present their own set of challenges.
9 The cost for the customer-owned premises wiring and equipment will vary significantly from
10 one premises to the next. Customer-owned premises wiring or house lines are not within utility
11 facilities or tariffed services, but, rather subject to the codes, laws and ordinances of the
12 governmental AHJ. The utility is, therefore, not responsible for any service facilities or other
13 related equipment installations owned by a customer.

14 The IOUs' Line Extension Rules clearly define the "Required Service Equipment."
15 Applicant responsibility includes, but is not limited to, providing "at its sole liability, risk, and
16 expense,... furnish, install, own, maintain, inspect, and keep in good and safe condition, all
17 facilities of any kind or character on Applicant's Premises that are not the responsibility of utility
18 but are required by utility for Applicant to receive service." Any service equipment and other
19 related equipment owned by Applicant shall conform to applicable laws, codes, and ordinances
20 of all governmental AHJ.

21 **3.1.1. Electrical**

22 The MHP owner is responsible for ensuring that each MHP unit is constructed for 100
23 amps service. The tenant cut-over is from the new point of demarcation to the point of
24 connection on each unit. This includes pedestal, grounding, customer load-side wire, breakers,
25 and related material.

26 **3.1.2. Gas**

27 The MHP owner is responsible for all house line relocations, replacements and upgrades
28 if the meter location has been changed.

1 **4. Proposed MHP Conversion Pilot Program**

2 The Joint Parties propose to convert a maximum number of MHP spaces over the
3 proposed three-year conversion period, under a pilot program, except for the Small and Multi-
4 jurisdictional utilities (SMJUs). The SMJUs propose to convert one MHP during the pilot
5 program.

6 Over the three-year pilot program, SCE will convert a –maximum of 3,000 spaces to
7 direct utility service; SoCalGas will convert a maximum of 2,600 spaces; and SDG&E will
8 convert a maximum of 676 spaces.¹⁶ The number of spaces converted is an estimate and may
9 vary due to the differing sizes of the MHPs that complete conversion requests and become part
10 of the pilot program. The final number of spaces converted will be dependent upon how many
11 MHPs can actually be completed during the pilot program.

12 The SMJUs such as PacifiCorp, BVES, and Liberty Utilities, have fewer MHPs in their
13 service territories. On average, the number of spaces per MHP far exceeds two percent of the
14 total MHP spaces in the SMJU service territory. Because of this, the SMJUs will convert a
15 maximum of one MHP during the three-year pilot program. For PacifiCorp, the largest MHP has
16 99 spaces. Therefore, the maximum number of spaces that PacifiCorp would convert to direct
17 utility service during the three-year pilot program is 99. For Liberty Utilities, the largest MHP
18 has 247 spaces. Therefore, the maximum number of spaces that Liberty Utilities would convert
19 to direct utility service during the three-year pilot program is 247. For the three-year pilot
20 program, BVES will convert one MHP of medium size with 75 spaces. At the end of the pilot
21 program, lessons learned from the pilot will be applied to converting the SMJUs remaining
22 MHPs.

23 Under the terms and conditions detailed below, the pilot program will be exclusively
24 applicable to MHP conversions and installations of new parallel electric and gas systems, and

¹⁶ For SDG&E and SoCalGas, this number represents approximately two percent of their MHP spaces.

will function independently of current utility line and service extension rules. The existing statutory transfer process outlined in the California Public Utilities Code §§2791-2799 is to be left in place and shall remain applicable to transfers and upgrades of existing MHP systems outside of this program to meet utility standards. No legislative changes are required at this time.

4.1. Conversion Process

The IOUs will notify all MHP owners about the availability of the MHP Conversion Pilot Program after it is approved by the Commission. MHP owners interested in converting to direct electric and/or natural gas service under this pilot program must first submit a formal conversion request to SED or the MHPs' gas or electric utility during a proposed MHP Conversion Open Season.¹⁷ The MHP Conversion Open Season will be limited to a 90-day period. In addition to providing basic MHP information, the conversion request should also include:

1. All owner information necessary to develop contracts, billing invoices and easements;
2. A site contact to coordinate design, construction activities and individual homeowner requests for service;
3. Copy of grant deed and assessor's parcel number;
4. Satisfactory scaled site plan suitable for use as a base map;
5. Average square footage of mobile homes in MHP;
6. Desired electrical panel size;
7. Location of all desired common area services including owner street lights;
8. On-site "As-Built" plans, showing the location of all other utilities; and
9. Preliminary information as described in Appendix A – List of Metrics.

¹⁷ IOUs will provide Conversion Request forms to all MHP owners inquiring about the program during an annual Open Season conducted to receive MHP owners' requests to convert to direct IOU service. The forms will also be available on each IOU's website and will include pertinent information about the MHP Conversion Pilot Program.

1 SED will prioritize all MHPs that submit conversion requests by a certain date and IOUs
2 will then convert MHPs based on that list generated by SED.¹⁸ This prioritization will ensure
3 that MHPs with prior gas safety issues are addressed first in the MHP conversion pilot program.

4 Once the MHPs are prioritized by SED, the serving gas and electric utilities will notify
5 the MHP owners of their acceptance into the program and schedule a meeting with each MHP
6 owner to discuss the proposed conversion process, the roles and responsibilities for construction
7 and installation costs and requirements, supplemental maps, drawings and any other pertinent
8 information. Should an MHP cancel its application after the utility has engineered, planned and
9 designed the conversion, the utility may collect an engineering fee to cover any engineering,
10 planning, and design costs necessary to design the job.

11 Prior to any construction work performed or managed by the IOUs, the IOUs may request
12 evidence that the MHP owner has adequate financing to complete the beyond-the-meter civil
13 work, potential equipment and material purchase, facility relocation and pay its contractors in
14 full.

15 Year 1 of the pilot program will generally consist of an open season for the MHPs,
16 prioritization by SED and planning of construction by the IOUs while Years 2 and 3 will
17 generally constitute construction. Under the pilot program, the utility will be responsible for
18 engineering, planning, constructing and installing new, in kind, natural gas and/or electric
19 distribution and service systems that are utility-owned and operated up to the service delivery
20 point. The utility will be responsible for all costs incurred in providing new service equipment
21 up to the service delivery point including the meter for each space within the MHP. The MHP
22 will provide a service delivery point for each space, at a location approved and selected by the
23 utility.

¹⁸ PacifiCorp is an electric-only utility and does not overlap with a natural gas utility; therefore, PacifiCorp proposes to prioritize MHPs on a first-come, first-serve basis.

1 The MHP owner will be responsible for installing the electric meter panels. The MHP
2 owner will also be responsible for the civil work required to install the beyond-the-meter
3 facilities, which includes any excavation, installation of substructures, conduit, protective
4 barriers, and surface repairs as required to install the gas and/or electric house line systems
5 necessary to serve the MHP as required by the AHJ planning and inspection agency. The MHP
6 owner's gas and/or electric contractor or subcontractor must be licensed in California for the
7 appropriate type of work and employ workers properly qualified for the specific skills required.
8 The MHP owner must ensure that the beyond-the-meter work has been inspected and released by
9 the AHJ. The MHP owner will retain and maintain ownership and responsibility of its existing,
10 decommissioned and abandoned in place, electric and gas facilities.

11 **4.2. Project Management**

12 Each IOU will have discretion regarding its own management of the MHP pilot program.
13 At least one IOU representative may be assigned to coordinate work efforts with SED, HCD,
14 local agencies, and other IOUs to prioritize, schedule and plan conversions.

15 **4.3. Outreach**

16 Overall outreach will be at the discretion of each utility, according to each utility's
17 standard outreach practice. The Joint Parties propose that as part of the outreach process for the
18 MHPs selected for conversion, the IOUs will inform the MHP residents that, under the California
19 Public Utilities Code § 2791 (b), costs to transfer utility service beyond those covered by
20 ratepayers in this pilot cannot be passed on to them by MHP owners.

21 The MHP conversion process will require in-person contact with MHP residents. A
22 successful outreach program will need to include community meetings in order to familiarize
23 residents with utility employees and provide all information necessary to ensure a successful
24 transition to direct utility service. Direct customer interaction has typically been successful in
25 encouraging immediate action by the customer in the form of service enrollments and enrollment
26 in low-income and medical baseline programs, and this method of outreach is relatively low-
27 cost.

4.4. Metrics for Evaluation

Because there is almost no information on the record regarding the actual condition of the MHPs as well as the costs of conversion, a major component of the Joint Parties' proposal is for stakeholders to capture metrics on MHPs converted during the pilot program to evaluate the proposed conversion process to inform policy decision-makers on the condition of the MHPs and reported costs of conversion prior to making an overall policy decision for the remaining MHPs. All parties will offer recommendations on the effectiveness and modifications of the existing and new conversion process, if deemed necessary. See Appendix A for a list of recommended metrics.

4.5. Program Reporting

Upon completion of the three-year pilot program, the IOUs will submit auditable progress reports to the Commission that reference the decision in this proceeding. The reports, due 12 months after the MHP Conversion pilot program is completed, will include:

1. Number of MHPs /spaces converted;
2. Number of MHPs /spaces converted per year;
3. Total expenditures to date;
4. Explanations of deviations, if any, from SED's MHP prioritization list.

5. Escrow Account Treatment for Revenues in Excess of Reasonable and Necessary Operation and Maintenance

The Joint Parties agree with the final bullet point in the Scoping Memo that a viable and implementable solution to the master-meter conversion issues includes the separate accounting for any receipt and expenditure of master-meter revenues in excess of reasonable and necessary operation and maintenance. To ensure long-term safety, these excess expenditures should be earmarked towards the costs of transferring the master-meter system to direct utility service or

1 saved for future replacement costs, should the owner elect to maintain ownership and
2 responsibility for the utility system.¹⁹

3 However, the Joint Parties are concerned that the costs of implementing and tracking
4 such a program for the limited duration of a three-year pilot provides too little benefit, at too late
5 a period, when the discount has already been collected since 1997, at a minimum.²⁰ Collecting
6 excess revenues, whether in escrow accounts or through a pledge for the limited duration of a
7 pilot program would do little to make ratepayers or tenants whole, and it is possible that the costs
8 of implementing such a program would exceed the benefits given the short timeframe.

9 If the purpose of this rulemaking is to provide “enough incentive to increase prior, low
10 conversions rates in any significant way,”²¹ then the Joint Parties further encourage the
11 Commission to take the steps necessary to extend this requirement to all master-metered MHPs
12 that elect not to transfer to direct utility service, rather than punishing those who do voluntarily
13 participate in this pilot program. Separate tracking and saving for future improvements are an
14 integral part of any viable, voluntary long-term MHP transfer and maintenance program.

15 While it is true that there is a perception that there might be safety risks, the Commission
16 must keep in mind that setting a precedent where this risk is mitigated by utilities taking over the
17 MHP systems and paying 100% of the upgrade costs to the meter will be extremely costly to
18 ratepayers in the long run. The magnitude of this cost as well as the voluntary nature of the
19 programs being contemplated will make it unlikely that 100% of MHP systems will ever be
20 converted to utility service even in the long run. Thus, it is imperative that provisions be made to
21 assure that those utility systems that remain under MHP control are safe. Placing the discounts
22 in excess of the operating and maintenance costs in escrow accounts will assure that adequate
23 funds are available to MHP owner—as intended—when their systems require replacement.

¹⁹ Scoping Memo at page 5 and Attachment B.

²⁰ Per Public Utilities Codes Sections §2791(c), only mobile home parks built prior to 1997 may be master metered.

²¹ Scoping Memo at page 3.

II. MHP CONVERSION PILOT PROGRAM COSTS

This section describes the proposed MHP conversion pilot program costs and also provides the beyond-the-meter costs pursuant to the Scoping Memo. Additionally, this section includes DRA's position on program costs.

6. Development of Costs

6.1. To-the-Meter Costs

The IOUs will develop their costs on a forecast basis. That forecast will be based on the IOUs' estimated per-space conversion costs multiplied by a three-year conversion target of the number of the MHP spaces to be converted in each IOU's service territory.

As reported in the Joint Cost Report served on July 13, 2012, SCE estimates that conversion costs up-to-the-meter will be \$14,034 per space. To convert a maximum of 3,000 spaces in the three-year pilot, the total projected capital budget for conversion costs are estimated at \$42,102,000. SoCalGas estimates that conversion costs up-to-the-meter will be \$7,096 per space. To convert approximately 2,600 spaces in the three-year pilot, the total projected capital budget for conversion costs will be \$18,450,000. SDG&E estimates that conversion costs for both gas and electric up-to-the-meter will be \$17,217 per space. To convert approximately 676 spaces in the three-year pilot, the total projected capital budget for conversion costs will be \$11,639,000.²² PacifiCorp estimates that conversion costs up to the meter will be \$6,038 per space. To convert approximately 99 spaces in the three-year pilot, the total projected capital budget for conversion costs will be approximately \$598,000. BVES estimates that conversion costs up to the meter will be \$8,102 per space. To convert approximately 75 spaces in the three-year pilot, the total projected capital budget for conversion costs are estimated to be \$608,000. Liberty Utilities estimates that conversion costs up to the meter will be \$7,252 per space. To

²² Both SDG&E and SoCalGas updated their costs which were previously based on the Joint Cost Report, submitted on July 13, 2012.

convert approximately 247 spaces in the three-year pilot, the total projected capital budget for conversion costs will be \$1,791,244.

The first year of the pilot will include customer outreach and notifications sent to the MHPs, receipt and processing of conversion requests from MHPs, prioritization of the conversion requests by SED, and engineering and design of the new systems by the IOUs. Most of the construction costs will occur during years two and three of the pilot program. For these two years, the annual capital budget for the IOUs is forecast as one-half of the pilot program budget or \$21.051 million for SCE, \$9.225 million for SoCalGas, \$5.82 million for SDG&E, \$299,000 for PacifiCorp, \$304,000 for BVES, and \$895,622 for Liberty Utilities. The Joint Parties recommend that the IOUs have the flexibility to spend more or less than this budget in any one year. A utility will notify the Commission via advice letter at the beginning of Year Three if it anticipates exceeding the total three-year capital budget, and will include reasons and extenuating circumstances for the cost overruns in the subsequent pilot program report. For SMJUs, it is possible that converting one park could all be accomplished in one year. SMJUs will develop a three-year budget for this program and will provide annual budgets in years during which conversions may take place based on open season activity. Given that conversion of one MHP will make up the total three-year budget, the annual budget may exceed one-half of the total budget. Annual budgets will not be required from SMJUs if conversion targets are met prior to the end of the three-year program period.

Table 2 Three-Year Pilot Program Up To The Meter Total Potential Capital Cost per IOU						
	SCE	SoCal Gas	SDG&E	PacifiCorp (Note 2)	Liberty Utilities (Note 2)	BVES (Note 2)
IOU/Ratepayer Share per Space	\$14,034	\$7,096	\$17,217 (Note 1)	\$6,038	\$7,252	\$8,102
Number of Spaces	3,000	2,600	676	99	247	75
Total Potential Cost per IOU	\$42,102,000	\$18,450,000	\$11,639,000	\$598,000	\$1,791,244	\$608,000
Note 1 – This number reflects a conversion of both gas and electric as SDG&E is a dual utility. Note 2 – Because SMJUs will limit the number of conversions to be completed over the three-year period to one MHP, the number of spaces converted could be the number of spaces at the average to largest sized MHP. In estimating total costs the SMJUs have assumed that the largest park in their service territory is converted.						

6.2. Beyond-the-Meter Costs

As previously stated, although the IOUs do not propose to fund the connection costs required to connect an existing mobile home to its new service system, in accordance with the Scoping Memo, each utility has estimated what it costs to have this work performed by a licensed contractor. These estimates are shown in Table 3 below.

Table 3 Beyond-the-Meter Costs Total Potential Cost per IOU						
	SCE	SoCalGas	SDG&E (Gas and Electric)	PacifiCorp	Liberty Utilities (Note 1)	BVES
IOU/Ratepayer Share per Space	\$8,285	\$3,608	\$11,313	\$3,346	\$3,074	\$3,074
Number of Spaces	3,000	2,600	676	99	247	75
Total Potential Costs	\$24,855,000	\$9,381,000	\$7,648,000	\$331,254	\$759,278	\$231,000
Note 1 – Liberty Utilities has not yet received an estimate from a licensed contractor for this work. Thus, Liberty Utilities believes using the estimate provided by BVES is a good proxy for estimating its total beyond the meter costs.						

7. DRA Position on Cost Sharing

DRA remains united with the Joint Parties in advocating for a more fair and equitable solution to the lack of information about, and desire of some MHP owners to transfer their tenants to direct utility service. However, DRA is unable to sign on to the totality of this proposal, as the position originally proposed by the Joint Parties already represented a compromise that effectively doubled the subsidy given to MHP owners by ratepayers.²³ Further “cost-shifting would be unfair to ... other customers because MHP owners will receive the benefit of a newer, more valuable modern system while already having received a discount for electric service for years.”²⁴ In this section, DRA proposes its reasons for an alternative cost-sharing mechanism for consideration.

²³ Exhibit 2.

²⁴ Proposals of SCE and BVES, October 21, 2011.

1 **7.1. Increased MHP Owner Education, Not Ratepayer-Funded**
2 **Subsidies, Should be the First Step in Encouraging Transfers**

3 A Commission survey conducted as part of this proceeding showed that only 41% of
4 responding MHP owners were even aware of existing laws that allow for the transfer of
5 submetered systems to direct utility service.²⁵ This statistic calls into question whether the lack
6 of transfers represents a deficiency in education rather than incentives, as assumed by those
7 seeking to further subsidize transfers for MHP owners.

8 In its proposal to develop a formal collaborative outreach program to inform MHP owners of
9 the available transfer options, SCE also supported the Commission’s findings with statistics that
10 showed that only a small percentage of MHP Owners representing six percent of spaces had even
11 initiated requests for the transfer-of-service process.²⁶ DRA supports the recommendation that
12 MHP owner education, not further subsidies, is the logical next step in encouraging MHP
13 transfers.

14 DRA respectfully disagrees with any presumption that “enough incentive” is needed to
15 increase conversion rates. In its petition to open this proceeding, WMA asserts that “the
16 universal preference of the member owners is to have the submetered residents directly served by
17 the investor owned utility.”²⁷ While this may be the possible, though statistically improbable
18 “universal” perspective of the somewhat larger MHPs represented by WMA’s constituents,²⁸ the
19 Commission survey conversely found that 36% of MHP owners are NOT interested in

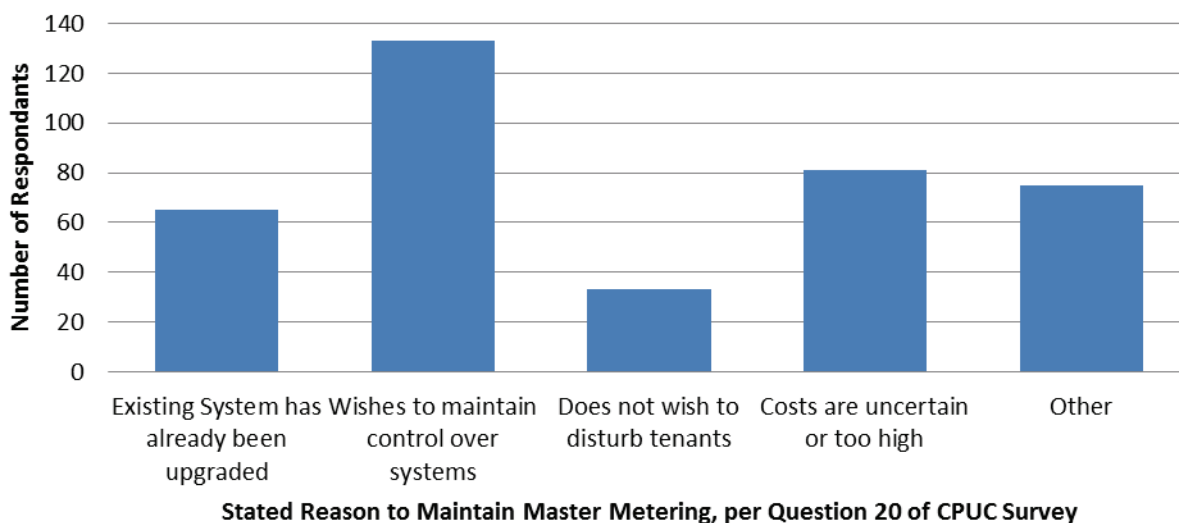
²⁵ Summary of Responses: Questionnaire to Mobilehome Parks and Manufactured Housing Communities, dated August 10, 2011. Question 18.

²⁶ Proposals of SCE and BVES, October 21, 2011, page 11.

²⁷ Petition of the Western Manufactured Housing Community Association to Adopt, Amend, or Repeal a Regulation Pursuant to California Public Utilities Code §1708.5 at Page 4.

²⁸ Per <http://www.wma.org/about-wma>, “WMA is a statewide trade association whose members are largely mobilehome park owners who, collectively own, operate and control over 175,000 mobilehome spaces in California. WMA has over 1600 member parks located in all 58 counties of California.” Thus, the mean number of spaces in homes owned by WMA members is greater than 100, while per the Report of SCE on Mobilehome Parks and Manufactured Housing Communities Served By Investor-Owned Utilities, June 13, 2011, the mean number of spaces by MHP ranges from a low of 20 at CalPeco to a high of 91 for SoCal Gas.

transferring to direct utility service.²⁹ Of those owners not interested in transferring service, only 38%³⁰ cited costs, whether too high or uncertain as being a reason why they were not interested in transferring service, as shown in the chart below.



In conclusion, the Commission seeks to encourage the transfer of MHPs to direct utility service, even though its own survey shows that many MHP owners are not even aware of existing Public Utilities Code to enable such a goal. A more equitable solution to providing unsolicited subsidies to property owners at ratepayer expense would be for SED staff, which is statutorily required to correspond with MHP owners at least once per year, to inform MHP owners that such transfer rules exist as part of their normal correspondence. MHP “operators are required to submit annual reports to the Commission giving a description of their system, the number of customers and the dates of most recent leak surveys and cathodic protection surveys. The due dates of the annual reports are staggered to coincide with the time when license renewal

²⁹ Summary of Responses: Questionnaire to Mobilehome Parks and Manufactured Housing Communities, question 19. CPUC Report, dated August 10, 2011.

1 is due.”³¹ The Commission’s survey shows that in many cases, providing information and
2 respecting owner preference, not additional subsidies, can address the perceived safety problems
3 identified in this proceeding.

4 **7.2. Costs Should be Borne by MHP Owners Who Will Receive** 5 **the Benefit of the Enhanced MHP Systems**

6 It is fundamentally unfair to ask that ratepayers bear the entirety of MHP conversion
7 costs while nearly all of the benefits of the conversion accrue to MHP or property owners. Cost
8 sharing is a simple and equitable solution, which would serve as a cost control on the program as
9 well as asking park owners to contribute to conversion projects on a level equal to the financial
10 benefit provided them by ratepayers. In choosing not to consider any level of cost sharing, the
11 Commission would be proving itself a poor steward of ratepayer funds.

12 DRA, with the Joint Parties, has previously endorsed a doubling of the line extension
13 allowance as a way to equitably incent MHP owners while limiting impact on ratepayers. DRA
14 maintains that cost sharing is equitable and necessary. In this regard DRA offers another option,
15 a 50/50% cost sharing arrangement for this pilot. DRA requests that such a program with this
16 equitable cost sharing of the investment be placed under consideration alongside the program
17 outlined in the most recent Scoping Memo.

18 The conversion program as envisioned by the Scoping Memo is inequitable in that MHP
19 owners are set to receive windfall benefits without being asked to contribute to the costs and
20 capital investments incurred in the conversion process. As was established in the joint cost
21 report filed by the utility parties to this rulemaking, the value of the infrastructure improvements
22 ratepayers are being asked to pay for is in excess of \$20,000 per space, and in many cases could
23 be greater than the current value of the property at the time of conversion. Assuming

³⁰ Id. 81 of 212 respondents, per question 20.

³¹ <http://www.cpuc.ca.gov/PUC/aboutus/Divisions/Consumer+Protection/Utilities+Safety+Branch/Mobile+Home+Safety/>

1 conversions beyond the meter at \$20,000 per space, a park with 200 spaces would receive a
2 subsidy of approximately \$4,000,000 with no expectation of the park owner to contribute at all to
3 the conversion program. This is on top of the ratepayer subsidy already paid to every master
4 metered park owner in the form of the master meter discount.

5 MHP owners stand to gain a tremendous windfall from the program as proposed, with
6 value scaling in proportion to the park owners neglect. The incentive structures proposed in the
7 program parties have been instructed to endorse create a troubling precedent with policy
8 implications extending beyond the proceeding at question. A cost sharing arrangement would
9 reduce these perverse incentives and would serve to dampen the rate impact of the program.

10 The DRA cost sharing proposal would serve to provide a necessary incentive for parties
11 involved in the conversion to efficiently manage the program and control costs. MHP owners
12 with a stake in the cost of conversion should have the opportunity to solicit bids from
13 independent contractors as a cost control measure as is provided under the current transfer
14 process. Should the MHP owner find a contractor able to build the distribution infrastructure to
15 utility specification more economically than utility staff, MHP owners should be able to take
16 advantage of this option. While the utilities will have final say as to the specifications and the
17 quality of the infrastructure they will be expected to take ownership of and responsibility for, the
18 MHP owners would have the opportunity to control costs by soliciting competing bids for
19 construction, provided the contractor is capable of building a utility-grade distribution system
20 that meets the standards set by the utility expected to serve the MHP. This would give MHP
21 owners a stake in the conversion process, while giving the utilities an incentive to control costs.
22 Both MHP owners and the utilities would need to work collaboratively to manage the cost of
23 investment for the conversions.

24 Finally, it is important to recognize that the record contains at present absolutely “no
25 evidence that existing MHP submetered service, taken as a whole, poses an imminent and serious

1 safety risk”³² or on the real cost of converting to direct utility service. The Joint Parties had
2 originally proposed a pilot program to gather evidence towards helping stakeholders craft an
3 informed policy solution. Should the Commission choose to authorize the program as outlined
4 in the Scoping Memo, DRA proposes a cost sharing arrangement informed by the data gathered
5 in the pilot be included as a condition of authorizing any further transfer program after the initial
6 three year term. Until the actual condition and conversion costs of MHPs in California can be
7 substantiated, the Commission should not rule out a fair and equitable cost sharing arrangement.
8 To do so would be to foreclose on a viable and equitable policy solution and lock the State into a
9 program for which neither the need nor benefit can be adequately substantiated at this time.

10 **III. RATEMAKING**

11 This section discusses cost recovery, regulatory accounting treatment, revenue
12 requirement, cost allocation and rate impact of the MHP Conversion Pilot Program. The section
13 also includes beyond-the-meter costs for comparison purposes only.

14 **8. Full Recovery of Costs**

15 Upon approval by the Commission, the IOUs will recover in gas or electric rates, each
16 year, the forecasted revenue requirement for that year, plus any over- or under-collections
17 recorded in the applicable MHP gas or electric balancing account from the previous year, if
18 any.³³ Forecasted revenue requirements will include one-time and ongoing operations and
19 maintenance and capital-related costs that are associated with implementation of the MHP
20 conversions, as described in Section 6.³⁴ These costs will be incremental until included in the
21 revenue requirement authorized in a general rate case.

³² Decision Granting Petition in Part And Instituting Rulemaking Into Issues Concerning Transfer of Electric and Natural Gas Master-Metered Service at Mobilehome Parks and Manufactured Housing Communities to Direct Service by Electric and/or Natural Gas Corporations. February 24, 2011 at p. 14.

³³ Costs are allocated consistent with distribution base margin until otherwise authorized.

³⁴ For SCE, SDG&E, and SoCalGas, this will exclude any pension, Post-Retirements Benefits Other than Pensions (PBOPs), and medical expense overhead costs as these costs are subject to separate balancing account treatment.

1 The conversion costs, customer outreach costs, and associated ongoing costs (including,
2 but not limited to, adding additional full-time employees) will also be recorded in the applicable
3 gas or electric balancing account for rate recovery purposes (*i.e.*, for comparison of the IOUs'
4 actual costs and corresponding forecasted revenue requirements embedded in the rates that are
5 associated with the MHP conversion pilot approved by the Commission). Such start-up costs
6 may be subject to review to determine whether they are incremental and expended for the
7 purpose of the MHP project.

8 **9. New Two-Way Balancing Accounts**

9 The IOUs propose to file an advice letter 30 days after a decision is issued for the
10 establishment of a gas and/or electric balancing account, as applicable, to record the difference
11 between actual MHP conversion costs and a forecast of costs for the MHP Conversion Pilot
12 Program adopted in current rates. Subsequent forecasts will be filed annually with the
13 Commission and include prior year recorded data.³⁵ Forecasted costs will be based on the
14 anticipated number of MHPs to be converted in the period along with the forecast of associated
15 costs and revenue requirement.

16 The IOUs agree to a cost recovery mechanism to protect customers from overpaying and
17 to allow each IOU a fair opportunity to earn its authorized rate of return. Because of the
18 uncertainty of current MHP system conditions, congestion of MHP sites, and the number of
19 MHPs converted each year, two-way balancing accounts are appropriate as the conversion costs
20 and revenues are difficult to estimate. Given the uncertainty of costs, the Joint Parties propose a
21 two-way balancing account in order to recover from or return any differences between forecast
22 and actual costs to customers. At the end of the MHP Conversion Pilot Program, the utilities

³⁵ For the SMJUs, because they will be converting a maximum of one park during the three-year pilot program, it is possible that the conversions may be completed within one year. Once the conversions are completed within an SMJU's service territory, the SMJU will no longer be required to file a forecast of costs for the following year.

will submit a report as described above in Section 4.5 – Program Reporting, which will be subject to audit by the Commission staff.³⁶

9.1. Balancing Account Procedure

The IOUs will establish two-way balancing gas and/or electric accounts to record the difference between the authorized and actual revenue requirement based on the forecast and actual total costs, respectively.³⁷ Authorized revenue requirements (including return, depreciation and taxes on capitalized costs, transition costs, customer outreach costs, and associated ongoing costs) that are included in rates will be credited to the IOUs' balancing accounts. The actual incremental revenue requirements (including return, depreciation and taxes on capitalized costs, conversion costs, customer outreach costs, and associated ongoing costs) will be debited to the IOUs' balancing accounts.

The year-end balance in the balancing account will be reflected in customers' rates in connection with the IOUs' next annual rate update filings (*e.g.*, annual regulatory account balance update filing or other appropriate rate update filing). IOUs may carryover underspent funding within the conversion period in anticipation of unexpected future high conversion costs. At the end of the conversion period, any over or under-collected balance recorded in the balancing account will be refunded to or recovered from ratepayers, respectively.

9.2. Relationship to the General Rate Case

The IOUs will incorporate their MHP pilot program revenue requirements in the next scheduled general rate case after the completion of the three-year program. In the interim, the IOUs will continue to recover their actual revenue requirements via balancing accounts.³⁸

³⁶ For the SMJUs, because they will be converting a maximum of one park during the three-year pilot program, they will submit a report on the conversion at the end of the pilot program year in which the conversion is completed.

³⁷ For SDG&E and SoCalGas, this will exclude any pension and Post-Retirements Benefits Other than Pensions (PBOPs) overhead costs as these costs are subject to separate balancing account treatment. For SCE, this will exclude medical expense.

³⁸ In view of their smaller conversion costs relative to SCE, SDG&E and SoCal Gas, the SMJUs request that the disposition of costs recorded in their respective balancing accounts be more effectively performed via a rate surcharge rather than via a general rate case proceeding.

10. Revenue Requirements

The revenue requirements are derived from the forecasted total costs as presented in Section 6. Applicable overhead rates and escalation rates are applied to the direct cost estimates according to the cost's classification.³⁹ In addition to the actual expenditure amounts, the revenue requirements include all other expenses required to support the investment such as authorized return on investment, income and property taxes, franchise fees, uncollectibles, allowance for funds used during construction and working cash associated with operations and maintenance. Table 4 summarizes the revenue requirement of the MHP conversion pilot program up-to-the-meter. Beyond-the-meter costs are also presented for information purposes only.⁴⁰

Table 4 Revenue Requirement⁴¹							
	SCE	SoCalGas	SDG&E (Gas)	SDG&E (Electric)	PacifiCorp	Liberty Utilities	BVES
MHP Conversion Pilot Program Up-to-the-Meter	\$6,903,000	\$5,016,000	\$799,000	\$2,924,000	\$87,603	\$259,000	\$41,107
Beyond-the-Meter	\$12,428,000	\$10,131,000	\$2,692,000	\$5,421,000	\$48,546	\$111,000	\$14,806
Total	\$19,331,000	\$15,147,000	\$3,491,000	\$8,345,000	\$136,148	\$368,000	\$55,913

³⁹ For SoCalGas/SDG&E, July 2013 overhead rates have been used in the estimate; actual incurred overheads will be used in the calculation of the actual revenue requirement.

⁴⁰ Pursuant to the direction in the Scoping Memo, SDG&E and SoCalGas offer Appendix B which provides illustrative rate impacts reflective of the revenue requirement outlined in Table 3.

⁴¹ Table 3 presents the total revenue requirement for the three years of the MHP conversion pilot program.

APPENDIX A – LIST OF METRICS

This document proposes a list of metrics that will be collected by MHP owners and the utilities. The purpose of the data collection is to help guide future Commission policy in assessing the effectiveness of the proposed MHP Conversion Pilot Program and in enabling the Joint Parties and the Commission to obtain pertinent data for MHP conversions and costs of conversions for future assessment on the benefit of the three-year conversion pilot program in meeting the OIR's objectives and recommendations for the program going forward.

Information collected under this program may be shared anonymously with the public in accordance with Article I, Section 3 (b) of the California State Constitution.

1. Information Required from MHP Owners

The Joint Parties recommend the formulation of a request form that MHP owners will be required to complete as a condition of acceptance into the proposed MHP Conversion Pilot Program.

1.1. Information Required Prior to Conversion

- Park Utility System Information
 - Basic gas or electric engineering information including as-built drawings and description of the configuration of the system that is being converted to direct utility service.
 - Survey Questions from the [CPUC Report dated August 10, 2011](#) to identify the original condition of the parks that convert to direct utility service, such as:
 - number of spaces, year built, configuration of utility system, etc.
 - Electric: Include information from Questions #1-#8 and #11-#14
 - Gas: Include information from Questions #1-#3 and #9-#14
 - Description of any major replacement or repair to system in last 10 years.
- Park Owner Information
 - Disclosure of any other California MHPs owned and operated by the MHP owner.

- Disclosure of any safety violations issued by HCD, SED or any local government agency within the past five years.
- Indicate the city or county jurisdiction under which the park is regulated and whether the jurisdiction is subject to rent control. If rent-controlled, identify the mechanism for rent increases (*i.e.*, is it an automatic adjustment, governed by rent board hearing, or other.)

- Tenant Information and/or Notification

- California Alternate Rates For Energy (CARE) Participation Rates
 - Number of MHP customers currently enrolled in CARE.
 - Number of MHP customers newly enrolled in CARE in the past 12 months.

1.2. Information Required after Successful MHP Conversion

The MHP owner should submit cost information per Table A below after a successful conversion to the utility providing service. The information should account for all materials and equipment broken out by equipment type and other unit costs as available. Where applicable, bids from the MHP owner's contractor should be retained by the utility. Because this equipment can be installed by the utility or by an MHP owner-selected contractor, cost information reported in Table A should include the entity that did the work (*i.e.*, normal utility installation for all, a portion, or entirely installed by an MHP owner's contractor).

1.3. Information Required from MHPs Which Request Conversion but do not Complete Conversion

The MHP owner should provide the following information to the serving utility.

- A copy and summary of the initial design and construction estimate.
- Narrative about why the MHP did not proceed or complete conversion, and where in the process any issues arose. Possible reasons may include, but are not limited to:
 - Financial problems;
 - Concern over tenant disruptions;

- Encountered hazardous or environmental problems that could not economically be mitigated;
- Bureaucratic problems; and
- Jurisdictional or permitting problems.

2. Information Tracked by the Utilities

The Utilities as part of the proposed MHP Conversion Pilot Program will track the following metrics.

2.1. Information Tracked Prior to Conversion

- MHP resident CARE enrollment statistics pre-conversion.
- MHP owner credit and payment history (subject to existing privacy laws) information prior to conversion should be available to the Commission for post-project analysis.

2.2. Information Tracked After Successful Conversion

- MHP resident CARE enrollment statistics post-conversion.
- MHP resident credit and payment history (subject to existing privacy laws) information post-conversion should be available to the Commission for post-project analysis.
- Utilities will track the effective date of resident conversions to utility customers for this program. Utilities should keep records of any payment issues such as notices of late payment, shut-off for non-payment, etc., consistent with the utilities' current reporting methods.
- Utility costs will be tracked by each utility per Table A.
- Utility Responsibility For Electric MHP Conversions:
 - Cost of engineering and estimating;
 - Feet of conductor installed differentiated by primary and/or secondary conductor;
 - The cost, number, ratings, and type (UG vs. OH) of transformers installed;
 - For MHPs with Overhead Electric;
 - Poles and their costs
 - Feet and costs of overhead conductors

- Costs and number of overhead transformers
- For existing MHPs with overhead electric converted to underground, provide the reason why replacing existing overhead was not considered (*e.g.*, financial, local jurisdictional permitting, etc.)
- Utility will be responsible for the following:
 - Electric Service Extensions;
 - Service line
 - Transformer
 - Meter
 - Riser material
 - Main Gas Extensions;
 - Pipe
 - Valves
 - Regulators
 - Trenching
 - Gas Service Extensions;
 - Service pipeline
 - Valves
 - Regulators
 - Meters
- **Trenching Costs and Joint Trenching Opportunities:**
 - Report metrics (feet and dollars) of trench for gas and underground electric facilities;
 - Electric only - report costs and feet (estimated and recorded);
 - Gas only - report costs and feet (estimated and recorded);
 - Gas and electric - break out by (a) same utility, (b) IOU and IOU, and (c) IOU and municipal utility (MUNI);

- Examples: (a) MHP served by a dual commodity IOU that undergrounds electric facilities, (b) MHP served by two single commodity IOUs (e.g., SoCalGas and Edison), and (c) MHP served by an IOU and a MUNI utility (e.g., SoCalGas and Los Angeles Department of Water and Power).
- Provide estimated and recorded cost of electric portion of trench; and
- Provide estimated and recorded cost and credits (if any for main gas trenching) for gas portion of the joint trench.
- For each MHP, briefly summarize the trenching process and report on any other dry utilities in the trench. Identify any additional costs and/or credits from these utilities.
- Report all the costs as applicable for each individual MHP that is converted:
 - Report estimates and recorded costs;
 - Unit costs provided in feet for trenching, cabling and pipe installations;
 - Equipment unit costs (\$/meter or \$/transformer, etc.) and rating for other equipment installation costs; and
 - Explain cost over-runs and under-runs to extent possible and categorize with the following as potential categories:
 - Change in equipment cost;
 - Change in initial design;
 - Previously unknown construction barrier arises;
 - Environmental or other previously unknown measures that must be mitigated;
 - Jurisdictional or permitting problems;
 - Utility or MHP scheduling issues; and
 - Financial difficulties on part of MHP owner.

Table A

	Utility Cost – To the Meter	MHP Cost – Beyond the Meter
Trench, Backfill, Surface Restoration Costs <ul style="list-style-type: none"> ▪ Joint Electric & Gas Distribution & Service ▪ Electric Only Distribution & Service ▪ Gas Only Distribution & Service 		
Electric Distribution Line Extension <ul style="list-style-type: none"> ▪ Substructures ▪ Conduit ▪ Protective structures 		
Utility Distribution Electric Costs <ul style="list-style-type: none"> ▪ Cable and connections ▪ Transformers ▪ Other equipment 		
Electric Service Extension Costs <ul style="list-style-type: none"> ▪ Cable and connections ▪ Meters ▪ Protective structures ▪ Facilities behind the meter or utility delivery service point 		
Utility Gas Distribution Costs <ul style="list-style-type: none"> ▪ Pipe and fittings ▪ Other gas equipment ▪ Protective Structures 		
Gas Services Costs <ul style="list-style-type: none"> ▪ Pipe and fittings ▪ Meters and service regulators ▪ Protective structures ▪ Substructures ▪ Facilities behind the meter of utility service delivery point 		

APPENDIX B – SOCIALGAS AND SDG&E ILLUSTRATIVE RATE IMPACTS

SOCALGAS RATE AND RESIDENTIAL BILL IMPACTS IMPACTS DUE TO THE "UP-TO-THE-METER" AND "BEYOND-THE-METER" REVENUE REQUIREMENTS

	Current Rate \$/th	2015 \$/th	% Change from current rate	2016 \$/th	% Change from current rate	2017 \$/th	% Change from current rate
	A	B	C	D	E	F	G
Scenario 1: Reflects "Up-To-The-Meter" Forecasted Revenue Requirement							
Residential	\$0.58672	\$0.58681	0.02%	\$0.58723	0.09%	\$0.58762	0.15%
Avg Res Bill (38 therms) \$/month	\$40.98	\$40.99	0.01%	\$41.00	0.05%	\$41.02	0.08%
Core C/I	\$0.30619	\$0.30624	0.02%	\$0.30649	0.10%	\$0.30672	0.17%
Natural Gas Vehicles	\$0.07577	\$0.07578	0.02%	\$0.07584	0.09%	\$0.07589	0.16%
NonCore C/I - Distribution	\$0.07500	\$0.07501	0.02%	\$0.07506	0.08%	\$0.07511	0.15%
Electric Generation - Distribution	\$0.03821	\$0.03821	0.02%	\$0.03823	0.07%	\$0.03825	0.11%
Transmission Level Service	\$0.02127	\$0.02128	0.01%	\$0.02129	0.07%	\$0.02130	0.11%
Scenario 2: Reflects "Up-To-The-Meter" and "Beyond-The-Meter" Forecasted Revenue Requirement							
Residential	\$0.58672	\$0.58831	0.27%	\$0.58877	0.35%	\$0.58762	0.15%
Avg Res Bill (38 therms) \$/month	\$40.98	\$41.04	0.15%	\$41.06	0.19%	\$41.02	0.08%
Core C/I	\$0.30619	\$0.30714	0.31%	\$0.30741	0.40%	\$0.30672	0.17%
Natural Gas Vehicles	\$0.07577	\$0.07599	0.29%	\$0.07605	0.37%	\$0.07589	0.16%
NonCore C/I - Distribution	\$0.07500	\$0.07519	0.26%	\$0.07525	0.33%	\$0.07511	0.15%
Electric Generation - Distribution	\$0.03821	\$0.03830	0.24%	\$0.03832	0.30%	\$0.03825	0.11%
Transmission Level Service	\$0.02127	\$0.02132	0.23%	\$0.02133	0.28%	\$0.02130	0.11%
Note: Current Rates are rates effective 6/1/13, adopted by SoCalGas Advice Letter 4496.							

1

**SDG&E GAS RATE AND RESIDENTIAL BILL IMPACTS
IMPACTS DUE TO THE "UP-TO-THE-METER" AND "BEYOND-THE-METER" REVENUE REQUIREMENTS**

	Current Rate \$/th	2015 \$/th	% Change from current rate	2016 \$/th	% Change from current rate	2017 \$/th	% Change from current rate
	A	B	C	D	E	F	G
Scenario 1: Reflects "Up-To-The-Meter" Forecasted Revenue Requirement							
Residential	\$0.65838	\$0.65870	0.05%	\$0.65913	0.11%	\$0.65935	0.15%
Avg Res Bill (33 therms) \$/month	\$37.17	\$37.18	0.03%	\$37.19	0.06%	\$37.20	0.08%
Core C/I	\$0.23902	\$0.23912	0.04%	\$0.23925	0.10%	\$0.23932	0.13%
Natural Gas Vehicles	\$0.07410	\$0.07411	0.02%	\$0.07417	0.09%	\$0.07422	0.16%
NonCore C/I - Distribution	\$0.13637	\$0.13642	0.03%	\$0.13648	0.08%	\$0.13651	0.11%
Electric Generation - Distribution	\$0.03562	\$0.03563	0.02%	\$0.03565	0.07%	\$0.03567	0.12%
Transmission Level Service	\$0.01997	\$0.01997	0.02%	\$0.01998	0.07%	\$0.01999	0.12%
Scenario 2: Reflects "Up-To-The-Meter" and "Beyond-The-Meter" Forecasted Revenue Requirement							
Residential	\$0.65838	\$0.66204	0.56%	\$0.66254	0.63%	\$0.65934	0.15%
Avg Res Bill (33 therms) \$/month	\$37.17	\$37.28	0.31%	\$37.30	0.36%	\$37.20	0.08%
Core C/I	\$0.23902	\$0.24015	0.47%	\$0.24030	0.54%	\$0.23932	0.13%
Natural Gas Vehicles	\$0.07410	\$0.07433	0.30%	\$0.07439	0.39%	\$0.07422	0.16%
NonCore C/I - Distribution	\$0.13637	\$0.13690	0.39%	\$0.13698	0.45%	\$0.13651	0.11%
Electric Generation - Distribution	\$0.03562	\$0.03572	0.26%	\$0.03574	0.32%	\$0.03567	0.12%
Transmission Level Service	\$0.01997	\$0.02001	0.24%	\$0.02003	0.30%	\$0.01999	0.12%
Note: Current Rates are rates effective 6/1/13, adopted by SDG&E Advice Letter 2197-G							

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**SDG&E ELECTRIC CLASS AVERAGE RATE IMPACTS
RATE IMPACTS DUE TO THE "UP-TO-THE-METER" (UTTM) AND "BEYOND THE METER" (BTM) REVENUE
REQUIREMENTS (RR)**

	Current (cents kWh)	2015		2016		2017	
		(cents/kWh)	(% change from current rates)	(cents/kWh)	(% change from current rates)	(cents/kWh)	(% change from current rates)
Scenario 1: Reflects "UTTM" Forecasted RR							
Residential	18.322	18.325	0.02%	18.330	0.04%	18.332	0.05%
Small Commercial	18.158	18.16	0.01%	18.164	0.03%	18.165	0.04%
Medium/Large Commercial & Industrial	14.474	14.475	0.01%	14.477	0.02%	14.478	0.03%
Agricultural	17.653	17.655	0.01%	17.659	0.03%	17.660	0.04%
Lighting	14.92	14.921	0.01%	14.924	0.03%	14.925	0.03%
System Total	16.269	16.271	0.01%	16.275	0.04%	16.276	0.04%
Scenario 2: Reflects "UTTM" and "BTM" Forecasted RR							
Residential	18.322	18.344	0.12%	18.349	0.15%	18.332	0.05%
Small Commercial	18.158	18.174	0.09%	18.178	0.11%	18.165	0.04%
Medium/Large Commercial & Industrial	14.474	14.483	0.06%	14.485	0.08%	14.478	0.03%
Agricultural	17.653	17.669	0.09%	17.673	0.11%	17.660	0.04%
Lighting	14.92	14.931	0.07%	14.934	0.09%	14.925	0.03%
System Total	16.269	16.284	0.09%	16.287	0.11%	16.276	0.04%
Note: Current rates are rates effective 1/1/13, adopted by SDG&E Advice Letter 2443-E approved by Energy Division letter dated January 28, 2013.							

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APPENDIX C – WITNESS QUALIFICATIONS

- I. Cherie Chan – DRA
- II. Matthew Karle - DRA
- III. Jeff Nahigian – TURN
- IV. Nestor Martinez – SCE
- V. John O. Hayes – SDG&E
- VI. Daniel D. Meltzer – SoCalGas
- VII. David Araas – PacifiCorp
- VIII. Richard J. Madrid – CalPeco
- IX. Karuna Warren – BVES
- X. Reggie Austria – SoCalGas
- XI. Johnny M. Huleis - SoCalGas
- XII. Gary Lenart – SDG&E/SoCalGas
- XIII. William Saxe – SDG&E

1 **Qualifications of Cherie Chan**

2 My name is Cherie Chan. My business address is 505 Van Ness Avenue, San Francisco,
3 CA 94102.

4 I hold a Bachelor of Arts degree from the University of California at Berkeley, with a
5 major in Social Welfare and minors in Business and Demography. I am employed by the
6 California Public Utilities Commission as a Public Utilities Regulatory Analyst in the Electricity
7 Pricing and Customer Programs Branch of Division of Ratepayer Advocates. I have worked as a
8 Billing Analyst at PG&E and as Manager of the Billing Department at Utility.com. At ABB
9 Inc., I helped implement Interval Data Software products for utilities as a Project Manager and
10 Product Engineer. I joined the Commission in 2005 and have sponsored Marginal Cost and AMI
11 Technology testimony, departing in 2007 to manage marketing and product management of
12 smart grid programs at eMeter and Oracle. I returned to The Commission in 2009 and have
13 sponsored DRA's Small Commercial Rate Design recommendations in various proceedings.

1 **Qualifications of Matthew Karle**

2 My name is Matthew Karle. My business address is 505 Van Ness Avenue, San
3 Francisco, California, 94102.

4 I have a Master of Arts degree in Government from California State University
5 Sacramento, and a dual Bachelor of Arts degree in English and Political Science from San
6 Francisco State University. I am employed by the State of California at the California Public
7 Utilities Commission as a Public Utilities Regulatory Analyst in the Energy Cost of Service and
8 Natural Gas branch of the Division of Ratepayer Advocates. Since joining the Commission in
9 2012, I have conducted research, discovery, and analysis in a number of natural gas related
10 proceedings before the Commission.

11 I have previously testified before the Commission.

Qualifications of Jeff Nahigian

Jeffrey Nahigian, a Senior Economist, has over 24 years of experience analyzing utility operations and rate design issues. He received a B.S. in Environmental Policy Analysis and Planning from the University of California, Davis, in 1986. He also holds a B.Mus. degree from the San Francisco Conservatory of Music. In 1986, Mr. Nahigian joined JBS Energy.

Mr. Nahigian has analyzed cost-of service and rate design issues in California, Nevada, Arkansas and Alberta including review of marginal and embedded electric and gas distribution and customer costs, residential baseline rates, customer charges and time-of-use rates, and interruptible electric rate design. He was a member of the rate unbundling working group for California electric restructuring.

He has 18 years' experience with the analysis of line extension rules in several jurisdictions and of energy and water utility issues affecting mobilehome park tenants. He has reviewed conservation programs of utilities in Georgia, Texas, and the District of Columbia for prudence in implementation and cost-effectiveness. He wrote a white paper analyzing conservation strategies for targeting large industrial users of natural gas. He has also reviewed the energy efficiency programs of California's four major gas and electric investor owned utilities and evaluated third-party bids for local efficiency programs. He is currently involved in the evaluation of advanced meter deployment in California and has been a featured speaker on this topic for various national and international utility and metering conferences.

He has reviewed avoided cost methodology and policies for several clients, calculated emissions and emissions values from utility power plants, and reviewed nuclear power plant performance and costs. Mr. Nahigian was the lead analyst for a comparative study of the costs of San Diego Gas and Electric (SDG&E) and other California utilities. He served on an advisory committee to the California Energy Commission on transmission policy under Senate Bill 2431.

Mr. Nahigian was manager of two projects analyzing the Rancho Seco nuclear plant and alternatives to it. He was an alternate member of the SMUD Rate Advisory Committee in 1990-91.

1 Mr. Nahigian has testified at the California Public Utilities Commission on many
2 occasions on demand response programs, costs and operational benefits of advanced metering
3 infrastructure, electric and gas cost of service and rate design, water rates for mobile home parks,
4 line extension rules, and utility revenue requirements (forecasts of capital and operating expenses
5 and fuel budgets). He testified at the California Energy Commission on resource planning issues
6 relating to energy efficiency, nuclear plant performance, Qualifying Facility (QF) projects,
7 municipal utility demand conformance, and the economics of returning mothballed fossil plants
8 to service. He has also provided expert testimony before the Los Angeles County Superior Court
9 on electric rates for mobilehome parks; before the Public Utilities Commission of Nevada on gas
10 cost of service and rate design, and before the Alberta Energy and Utilities Board on line
11 extension policy. Before joining JBS, Mr. Nahigian was a staff analyst for the California
12 Independent Energy Producers Association.

1 **Qualifications of Nestor Martinez**

2 My name is Nestor Martinez, and my business address is 3 Innovation Way, Pomona, CA
3 91768.

4 I am the Director of Northwest Distribution Construction & Maintenance in the Power
5 Delivery (PWRD) area within Transmission and Distribution (T&D), reporting to the Managing
6 Director, Distribution Business Line.

7 I hold a Bachelor of Science in Engineering (BSE) with an emphasis on Electrical from
8 the University of South Florida and since 1988 have held an active Professional Engineer's
9 License (Electrical) from the State of Florida. From 1980-1998 and 2004-2006, I worked for
10 Tampa Electric Company, a regulated utility in Tampa, Florida (a subsidiary of TECO Energy)
11 in various roles within the Energy Delivery Department including Senior Engineer, District
12 Manager, Manager Distribution Engineering, Manager Electrical System Planning and Manager
13 Meter Operations. From 1998-2004, I held positions in the unregulated businesses of TECO
14 Energy in various roles including Director Development, Director Transmission and
15 Distribution, Director Transmission Strategy and Commercial Director. During that time among
16 my other duties, I had responsibility for the overall performance of our international distribution
17 electric utility. I joined SCE in mid-2006, as Region Manager, (Distribution) Construction and
18 Maintenance, for Desert Region and have also served in a temporary assignment as business
19 advisor for Distribution Construction and Maintenance for the implementation of phase 3 of the
20 Enterprise Resource Planning (ERP) project and Manager of Special Projects reporting to the
21 Vice President, Power Delivery. In March 2012, I assumed the role of Director of Central
22 Design and Field Accounting in the PWRD area within T&D. I assumed my current duties in
23 August, 2013.

1 **Qualifications of John O. Hayes**

2 My name is John O. Hayes. My business address is 8315 Century Park Court, CP22B,
3 San Diego, California, 92123-1548. I am employed by the San Diego Gas and Electric Company
4 (SDG&E) as Project Management Manager.

5 I hold a Bachelor of Science degree in Chemistry from San Diego State University.
6 I have been employed by SDG&E since 1978, and have held positions of increasing
7 responsibilities in the Project Management Department. I have been in my current position as
8 Project Management Manager, Policies and Procedures since 2005. In my current position, I am
9 responsible for Electric Line Extension Policy/Procedure/Process for SDG&E.

10 I have not previously testified before the Commission.

1 **Qualifications of Daniel D. Meltzer**

2 My name is Daniel D. Meltzer. My business address is 555 West Fifth Street,
3 Los Angeles, California, 90013-1011. I am employed by the Southern California Gas Company
4 (SoCalGas) as Gas Construction Planning and Design Process Manager for SoCalGas and
5 San Diego Gas & Electric Company (SDG&E).

6 I hold a Bachelor of Science degree in Chemical Engineering from California State
7 University at Long Beach. I have been employed by SoCalGas since 1985, and have held
8 positions of increasing responsibilities in the Engineering, Marketing, Transmission and
9 Distribution departments. I have been in my current position as Gas Construction Planning and
10 Design Process Manager since 2003. In my current position, I am responsible for Gas Line
11 Extension Policy/Procedure/Process for both utilities and Gas Design Policy/Procedure/Process
12 at SoCalGas.

13 I have previously testified before the Commission.

1 **Qualifications of David Araas**

2 My name is David Araas and my business address is 300 S. Main St, Yreka, CA 96097.
3 I am one of the Operations Managers overseeing the Lines and Services Department for
4 PacifiCorp's Yreka / Mt. Shasta District.

5 I have a Bachelor of Science Degree in Business Administration from the University of
6 Phoenix. As an Operations Manager for PacifiCorp, I have the responsibility to assist in the
7 planning and preparation of the O&M and Capital Budgets and to review and approve a large
8 portion of the capital expenditures in this district. Within this responsibility, my duties include
9 overseeing all of the capital planning line extensions, property issues, contracts (both Line
10 Extension and civil/line construction), post audit review of completed capital work, and customer
11 service issues. I also have the responsibility to assure the safety and training for the Local 659
12 employees to ensure employee / public safety and compliance with federal and state regulations
13 regarding electrical system security and reliability. I am also a member of the PacifiCorp
14 Standards Advisory Committee.

15 Prior to my current position as Operations Manager in Yreka / Mt Shasta I performed
16 similar duties in Medford, OR, Cedar City, UT, and Casper, WY; all employed by PacifiCorp.
17 Before becoming a manager I worked as a Journeyman Estimator, preparing cost estimates for
18 new line extensions and system rebuilds including underground cable replacements.

19 I am helping to prepare cost estimates for the Mobile Home Park master metering
20 settlement on behalf of PacifiCorp and have attended the settlement conferences with other
21 parties. I have been employed by PacifiCorp in areas of increasing responsibility since
22 July 2, 1974.

1 **Qualifications of Richard J. Madrid**

2 My name is Richard J. Madrid. I am employed by California Pacific Electric Company,
3 LLC as a Senior Design Administrator. My business address is 933 Eloise Avenue, South Lake
4 Tahoe, California 96150.

5 I graduated from California State University, Chico in 1978 with a Bachelor of Science
6 Degree in Business Administration with a concentration in Finance. Upon graduation, I was
7 employed by Wells Fargo Mortgage Company as a Loan Originator in the Sacramento area. My
8 primary job responsibilities included prequalification of loan applications and processing and
9 packaging of information for submittal to loan underwriters.

10 In 1980, I worked in the family business in the Sacramento area in warehouse, shipping and
11 receiving for inventory. I was also Corporation Vice-President in the family owned business at
12 that time.

13 In 1984, I relocated back to my home town in South Lake Tahoe and was hired by Sierra
14 Pacific Power Company. As an entry level employee, my duties in South Lake Tahoe included
15 daily meter readings, turn/off of customer accounts, and credit and collections. In 1990, I
16 applied for a Marketing position for the Tahoe District Region. My daily responsibilities
17 included high bill complaints, energy usage investigations, and energy audits. Additional
18 responsibilities included filing Commission bi-annual reporting, local media contact for radio
19 and print, and community based events. I have previously testified before the California Public
20 Utilities Commission for energy efficiency programs.

21 In 1997 I was transferred to Utility Design Engineering in the Tahoe District. I worked
22 primarily in the South Tahoe and North Tahoe areas. I also worked in the Carson City District
23 office as utility Design Administrator for 3 years before accepting a position in
24 North Lake Tahoe.

1 **Qualifications of Karuna Warren**

2 My name is Karuna Warren and my business address is 42020 Garstin Drive, Big Bear
3 Lake, CA 92315. I am the Operations and Planning Manager overseeing the Engineering
4 Department and Operations at Bear Valley Electric Service (BVES).

5 I have a Bachelor of Science Degree in Civil Engineering from Northwestern University,
6 as well as a Master of Science Degree in Engineering Management from Florida International
7 University.

8 In my position as Operations and Planning Manager, I have responsibility for reviewing,
9 planning and coordinating the O&M and Capital Budgets; approving the Engineering
10 Department new capital projects and plant additions, planning long term goals and improving
11 processes for field based electric operations (includes IBEW local 47 union employees). I also
12 have responsibility for scheduling and overseeing the Safety Committee, BVES Standards
13 Committee, training development, and to ensure compliance with federal and state regulations
14 regarding electrical system security and reliability. Prior to my Operations and planning position
15 here at BVES, I was the Engineering and Planning Supervisor responsible for coordinating
16 capital improvement projects, permitting, and design estimates. I also was involved in planning
17 for upgrades to distribution (4 kV), transmission (34 kV), GO 95/165 inspection compliance
18 projects, and design and construction of substation facilities. I am helping to prepare cost
19 estimates for the Mobile Home Park master metering settlement on behalf of BVES and attended
20 a settlement hearing with the California Public Utility Commission (CPUC). I have been
21 employed by BVES since April 11, 2011.

1 **Qualifications of Reggie Austria**

2 My name is Reginald M. Austria. I am employed by Southern California Gas Company
3 (SoCalGas). My business address is 555 West Fifth Street, Los Angeles, California, 90013-
4 1011. I am the Regulatory Accounts Manager of the Regulatory Accounts group within the
5 Accounting and Finance Department which supports the regulatory accounting and reporting
6 activities for SoCalGas. The Regulatory Accounts group was previously within SDG&E's
7 Regulatory Affairs Department and supported the regulatory activities for both SDG&E and
8 SoCalGas until the reorganization in 2011 which transferred the SoCalGas regulatory accounts
9 function to SoCalGas' Accounting and Finance Department. I have held my current position
10 since April 1, 2002. I am responsible for managing SoCalGas' authorized regulatory balancing,
11 tracking memorandum accounts. My responsibilities include: implementation of regulatory
12 accounting procedures for compliance with Commission decisions; quantifying and recording the
13 monthly entries and adjustments to the Commission-authorized regulatory account mechanisms;
14 and managing the general administration of SoCalGas' authorized regulatory accounts. Prior to
15 April 1, 2002, I was the Utility Accounting Manager for SoCalGas, in which I had similar
16 responsibilities to my current duties.

17 I received my Bachelor of Science degree in Accounting from California State
18 University, Long Beach in 1982. I am a Certified Public Accountant and a member of the
19 American Institute of Certified Public Accountants and the California Society of Certified Public
20 Accountants. I began my employment with SoCalGas in 1983 in the Accounting and Finance
21 Department. I have held various positions of increasing responsibility in Internal Audit, Cost
22 Accounting, General Accounting, and Utility Regulatory Accounting before assuming my
23 current position.

24 I have previously testified before the Commission.
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1 **Qualifications of Johnny M. Huleis**

2 My name is Johnny M. Huleis. My business address is 555 West Fifth Street, Los
3 Angeles, California, 90013. I am employed by SoCalGas as a Principal Business Analyst in the
4 Financial & Strategic Analysis department.

5 I hold a Bachelor of Arts degree in Economics from the University of California at Los
6 Angeles and a Master of Business Administration degree from Pepperdine University. I have
7 been in the Financial and Strategic Analysis department since January 2011. In my current
8 position, my responsibilities include financial analysis and the development of revenue
9 requirements in support of new investment opportunities. I have not previously testified before
10 the California Public Utilities Commission.

1 **Qualifications of Gary G. Lenart**

2 My name is Gary G. Lenart. My business address is 555 West Fifth Street, Los Angeles,
3 California, 90013-1011. I am employed by Southern California Gas Company (SoCalGas) as
4 Natural Gas Rate Manager for SoCalGas and San Diego Gas and Electric Company (SDG&E).

5 I hold a Bachelor of Science degree in Business Finance and Computer Science from
6 Bradley University in Peoria, Illinois and a Master of Business Administration from California
7 State University at Northridge, California. I have been employed by SoCalGas since 1988, and
8 have held positions in accounting, financial analysis and strategic planning. I have also been
9 employed in customer service roles in the commercial and industrial markets served by
10 SoCalGas, and in new product development. I have been in my current position in the
11 Regulatory Affairs Department as Natural Gas Transportation Rates Manager since 2010.

12 I am responsible for managing the gas transportation rates for both SoCalGas and for
13 SDG&E. This includes allocating authorized revenue requirements to customer rate classes; and,
14 developing the design of the rate for each of the different customer classes that are served by
15 both Utilities.

16 I have previously testified before the Commission.
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1 **Qualifications of William G. Saxe**

2 My name is William G. Saxe. My business address is 8330 Century Park Court, San
3 Diego, California 92123. I am employed as Program Manager III in the Strategic Analysis &
4 Pricing Department of SDG&E. I have worked for SDG&E since February 2001. Prior to
5 joining SDG&E, I was employed by Sempra Energy, the parent company of SDG&E, from April
6 1999 through January 2001. In addition, I was employed by the Illinois Commerce Commission
7 (ICC) from September 1990 through April 1999 where I submitted expert testimony on rate
8 design and financial issues before the ICC.

9 I received a Bachelor of Science degree in Economics from the University of Wisconsin-
10 Madison in 1985. I received a Master of Business Administration degree, with a concentration
11 in Finance, from the University of Wisconsin-Madison in 1990.

12 I have previously testified before this Commission on rate design, marginal cost and other
13 issues